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25X11. By September 1949 Communist authorities had three times sent CH'ENG Ting-ch'eng (張鼎臣), Communist governor of Fukien Province, to try to win over CH'EN Shao-k'uan (陳紹寬)*. Not only did they hope to use him to organize a naval training school for officers and men, but they hoped to exploit his tremendous personal influence with officers of the Nationalist navy. Most of the higher-ranking Nationalist naval officers were either students or subordinates of CH'EN, and he was head of the Ma Wei Clique of the navy.

2. CH'EN has consistently refused to accept any Communist proposals and has continued in retirement**. He has stated that he is not interested in further government service on either the Communist or Nationalist side.

3. CHANG Hsueh-szu (張學思), younger brother of Young Marshal CHANG Hsueh-liang, although ostensibly well integrated with the Communists is considered by some Communist officials associated with him to be retaining the tradition of the Chinese warlords. He has been criticized by Communist associates, for example, for giving financial aid to all his relatives and to his father's friends in Manchuria. Former subordinates who served under him in western Liaoning Province are not permitted to see him often, and his activities are closely scrutinized by the Communists.

4. During May 1949, CHANG was a participant in the National Youth Congress and hoped to be chosen for a mission abroad. In this he was unsuccessful. On a subsequent visit to his brother CHANG Hsueh-ming (張學銘) in Tientsin, CHANG was overheard by high ranking Communists expressing audible disapproval of Communist policies. As a result, he was removed from his position as governor of Liaoning Province***. In disgust at his deposition, he resigned as vice-chairman of the Northeast China People's Government.

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6. After the Communist occupied Shanghai, KUNG Hsueh-sui (龔學遂), former

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CENTRAL INTELLIGENCE AGENCY

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Mayor of Tsingtao and holder of other Nationalists' posts****, was discovered by them and they immediately began to question him. From then on, he went through a process of inquisition for thirty-seven consecutive days.

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9. With the help of General CHEN, he went back to Kiukiang, Kiangsi, to resume control of his textile mills. He was quite successful and made money. At the end of a certain period, he decided to expand the enterprise. After distributing 30% of the net profit to the workers, he told his shareholders that their share of the profit would be reinvested in the industry. His policy won the support of the Communist supervisors in the mills.

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Comment. CH'EN Shao-k'uan, retired admiral, remained in Foochow after its fall to the Communists, in spite of the efforts of the

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CENTRAL INTELLIGENCE AGENCY

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Generalissimo through CHOU Hsien-chang (周憲章), chief of staff of the Nationalist navy, CHU Shao-liang (朱紹良), former governor of Fukien, and TANG Hsi-do (湯恩伯) of the Nationalist army to persuade him to leave. CH'EN resisted all summonses to leave on the grounds that he was a Chinese and not afraid of his own people.

After serving as commander in chief of the Chinese navy for twenty years, CH'EN was relieved of his command following the Japanese surrender.

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Comment. CH'EN has now accepted a position with the Chinese Communist Navy.

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Comment. CHANG's position in Liaoning was of long standing; he has held it since 1945, in addition to several northeast district military commands.

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Comment. KUNG Hsueh-sui, who was the last Nationalist Mayor but one of Tsingtao, was appointed by the Nationalists to be Mayor of Dairen, but was never able to take over his duties. He is both a landholder, a capitalist, and a technician. His well-to-do landholding family invested money in the textile mills which are referred to in the account. He, himself, worked for many years in the Nationalist Ministry of Communications. He came to Hong Kong to purchase spindles for his textile mills. There has been an unverified rumor in Hong Kong that he was sent to Hong Kong to persuade industrialists to invest in North China.

At the time of the fall of Nanking, KUNG Hsueh-sui had resigned from his Mayorship of Tsingtao and was residing in Shanghai. Before Shanghai was abandoned by Nationalist troops, he received a request from Acting President LI to proceed to Canton where the Government had moved. Thereupon he was promised means of transportation to South China by the Mayor of Shanghai, General CHEN Liang. But when he actually wanted to get out of Shanghai, he discovered that the Mayor had left without giving him notice. Thus he had to remain in Shanghai.

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